



**THE CITY OF
ROCHESTER**

**ECONOMIC
DEVELOPMENT
PROGRAMS:**

GROWING BUSINESS,

CREATING JOBS,

BUILDING PROSPERITY



City of Rochester, New York



The City's Economic Development Department staff is poised to help business enterprises of all sizes, from large manufacturers to neighborhood retailers, achieve their full potential.

Need to buy a facility or find a site?

How about facade improvements or interior renovations, new equipment, training programs or a marketing plan? Our staff will work with you to help you find what you need to succeed:

- The perfect facility for your operation
- prime locations
- affordable financing (low-cost loans & grants)
- expert consultants &
- incentive packages offering earned benefits (like tax credits and utility subsidies)

Why? Because successful businesses bring our community prosperity, support ever better services, generate opportunities for all and enrich the quality of residents' lives.

Take a moment to review our inventory of business support programs, and then call us at [585.428.6808](tel:585.428.6808) to see how we can become partners for mutual success.

INDUSTRIAL BUILDING RENOVATION PROGRAM

Provides manufacturing business property owners with matching grants up to \$30,000 based on private funds leveraged and jobs retained or created for permanent interior and/or exterior building renovations/improvements in designated city industrial development districts.

JOB GROWTH CREDIT PROGRAM

Encourages hiring city residents by providing credits that can reduce annual principal and interest payments up to 10 years on City or REDCO industrial and commercial loans for expansion projects creating at least 20 new full time jobs.

PRE-DEVELOPMENT MATCHING GRANT PROGRAM

Provides matching grants up to \$25,000 to established firms/developers of industrial or large commercial projects that meet the city's economic development goals; used for environmental investigations and other activities needed to determine the cost of redeveloping brown-fields or other city sites.

Projects in areas of large public investment and areas targeted for revitalization studies and loan activities may get priority.

CITY LOAN PROGRAMS

• Industrial Loan Fund Program

Assists manufacturing and industrial businesses expanding in or moving to the city with \$25,000-\$500,000 short or long term loans for expansion projects that create/retain jobs and stimulate investment.

• Commercial Loan Fund Program

Assists service, wholesale and retail businesses located in or moving into commercially zoned

areas of the city with \$25,000-\$500,000 short or long term loans for projects that create/retain jobs and stimulate investment.

• Section 108 Loan Program

Assists eligible businesses with U.S. Housing & Urban Development Dept. (HUD) funds from the City for fixed asset and working capital financing.

• Targeted Business Assistance Program

Assists targeted small businesses facing barriers to raising capital for growth to stimulate city employment, investment and development by:

- Preparing and strengthening management (where needed) through pre-and post-financing services, such as business development assistance and performance monitoring
- Providing capital for real estate purchases, building rehabilitation, new construction or expansion, machinery and equipment and working capital, and/or
- Subsidizing interest expense to make conventional financing affordable, if necessary.

COMMERCIAL, RETAIL & ENTERTAINMENT BUSINESS ASSISTANCE PROGRAMS

• Business Assistance Program (BAP)

Provides one-on-one technical assistance in a modular format to established retail and



targeted consumer service businesses serving low/moderate income areas of the city with:

- Computer hardware and software selection and use
- Advertising programs and materials
- Store design and layout.

The fee is \$50 per module, with the City paying the remainder of the costs.

- **50/50 Matching Grants**

A 50/50 matching grant is available toward implementing the BAP consultants' recommendations.

- **ADVERTISING**— up to \$5,000
- **COMPUTER**— up to \$2,000
- **STORE LAYOUT & DESIGN**— up to \$2,000

Also available are 50/50 matching grants that do not require consultants recommendations:

- **EXTERIOR SIGNS**— up to \$2,000
- **SECURITY CAMERA**— up to \$2,000
- **SECURITY LIGHTING**— up to \$2,000
- **ARCHITECT TECHNICAL ASSISTANCE**— \$2,000
Applicants must meet U.S. HUD eligibility requirements.

- **Targeted Commercial Exterior Improvement Program**

Provides matching \$10,000 to \$30,000 grants for commercial buildings in targeted commercial districts.



Requires property owners to work with licensed architects.

- **Business Association Support**

In support of organizations representing neighborhood business districts, the City assists with:

- **PERMANENT PUBLIC IMPROVEMENTS –**

BEAUTIFICATION: Activities equally accessible and beneficial to residents of the area served, including signage, new/reconstructed lighting, street furniture, planters and other amenities; and

- **SMALL AREA PROMOTION:** Informing neighborhood residents about products and services available from nearby merchants by developing newsletters and promotions, distributing flyers and coupon books, etc.

COMMERCIAL BUILDING RENOVATION PROGRAM

Matching grants up to \$30,000 for permanent building renovations and/or building improvements are provided to create, increase or maintain commercial building occupancy by encouraging property/business owners to invest, relocate or expand within the city. The funds must be spent on building renovations or expansion. The building/land must be located in a targeted area and the enterprise must be for-profit.

BROWNFIELDS ASSISTANCE PROGRAM

Public funds are made available to prospective purchasers or sellers of industrial properties for investigating environmental conditions as part of their early feasibility analysis at sites. Private parties can reduce their up-front costs and environmental risks.

The applicant's share of investigation costs will be one dollar for every two dollars of City funds towards total project costs up to \$75,000, including up to \$50,000 for developers' environmental studies to determine brownfields site redevelopment costs. The City will cover the entire cost if environmental conditions prove to be unsuitable.

The Brownfields Assistance Program may be used for Phase I environmental site assessments, Phase II investigations, subsoil and geotechnical investigations, feasibility analyses, concept plans for site reuse and legal costs associated with negotiating voluntary investigation or clean up agreements.

ADDITIONAL LOAN PROGRAMS

- **Rochester Economic Development Corporation (REDCO) Loan Fund**

Designed to create/retain jobs and stimulate investment, the fund provides \$25,000-\$250,000 loans for equipment, real estate and working capital to industrial businesses in the city.

- **Small Business Administration (SBA) 504 Loan Program**

This program gives small business owners with projects that will generate or retain jobs access to fixed-rate, long-term financing for acquiring real estate or

machinery and equipment. In typical 504 loan packages, at least 10% is borrower equity, 50% comes from private sector lenders and the remainder from the sale of SBA-guaranteed debentures.

- **Small Business Administration (SBA) Loan Participation Program**

Provides financial assistance for real estate, equipment, working capital and other business purposes via bank financing with an SBA 7(a) guaranteed loan to which the City contributes funds

- **Kodak/City Economic Development Fund**

Loans up to \$100,000, which must be used with other capital resources, are available for real estate, machinery/equipment and working capital to industrial or high-technology firms for projects that create/retain city jobs.

RENEWAL COMMUNITY ZONE PROGRAM

The City has been named by HUD as a Renewal Community through Dec. 31, 2009, to help residents gain employment, succeed in their jobs and become economically self-sufficient. Renewal Community Tax Incentives include:

- **Renewal Community Employment Credit (RC Wage Credit):** Credit up to \$1,500 against Federal taxes for businesses located in the RC during each year of RC designation for all existing employees and every new hire living in the RC

- **Work Opportunity Tax Credit (WOTC):** Credit up to \$2,400 against Federal taxes for each new hire from groups with high unemployment rates or other special employment needs, including youths, ages 18-24, and summer hires, 16-17, who live in an RC.



- **Welfare to Work (WtW) Credit:** Two-year credit up to \$3,500 in the 1st year and \$5,000 in the 2nd against Federal taxes for each new hire who is a long term family assistance recipient.

- **Indian Employment Credit:** Credit against Federal taxes is calculated on wages of up to \$20,000 for each qualified employee.

- **Increased Section 179 Deduction:** Allows businesses that qualify as a *Renewal Community Business* to claim an increased Section 179 deduction (up to \$35,000) on property like equipment and machinery.

- **Commercial Revitalization Deduction:** Deduction of either one-half of Qualified Revitalization Expenditures (QREs) in the first year that a building is placed in service or all QREs on a prorated basis over 10 years if allocated to revitalizing a commercial building located in an RC.

- **Environmental Cleanup Cost Deduction (Brownfields):** Businesses can elect to deduct qualified cleanup costs of hazardous substances in certain areas (Brownfields) in the tax year that the cost is paid or incurred.

- **Depreciation of Property Used on Indian Reservations:** Special accelerated depreciation rules for qualified property in service on an Indian reservation after 1993.

- **Qualified Zone Academy Bonds (QZABs):** Allows state or local governments to issue bonds costing them 0% interest for public school programs with private business partnerships.

Private businesses must contribute money, equipment or services equal to 10% of bond proceeds (which may qualify as a charitable contribution). The Federal Government pays interest in tax credits to banks, insurance companies and certain lending corporations holding QZABs.

- **Zero Percent Capital Gains Rate:** Entities that acquire RC assets between Jan. 1, 2002, and Dec. 31, 2009, and hold them for at least five years, will not have to include any qualified capital gain from the sale or exchange of that asset in its gross income.

- **New Markets Tax Credit:** Equity investors in qualified Community Development Entities (CDEs) can obtain tax credits against Federal taxes of 5 to 6 percent of the amount invested for each of the years that the investment is held, up to 7 years of the credit period.

- **Low-Income Housing Tax Credit (LIHTC):** A ten-year credit against Federal taxes for owners of newly constructed or renovated housing renting a specified percentage of units to low-income persons for at least 15 years

The credit amount varies for new construction and renovation.

NEW YORK STATE EMPIRE ZONE (EZ) PROGRAM

The N.Y.S. EZ Program offers special tax incentives and utility discounts to promote new business start-ups, growth of existing enterprises and development of human resources within the zone's boundaries. Qualified businesses must be located within the zone and commit to creating new jobs and new investment there.

Many benefits require N.Y.S. certification. Call the Zone Coordinator at **585.428.6853** for more details about the City's Empire Zone or becoming a qualified EZ business.

- **Wage Tax Credit (WTC)**

This is a NYS income tax credit that:

- Lasts for up to five consecutive years
- Can be used for hiring full-time employees in newly created jobs
- Provides up to \$3,000 per year per new job filled by a targeted employee
- Provides up to \$1,500 for other new hires
- Increases the credit by \$500 for employees with wages over \$40,000.

- **Investment Tax Credit (ITC)**

This is a NYS income tax credit that is:

- Aimed at EZ manufacturing, R&D and investment firms that make "qualified investments" in the zone;
- Provides 10% for business corporations (C-Corps);
- Provides 8% for individuals, sole proprietors, partnerships or S-Corps; and
- Allows firms new to N.Y.S. 50% cash refunds for unused WTC and ITC amounts.

- **Employment Incentive Credit (EIC)**

An additional 3% income tax credit (EIC) is allowed for each of the three years following the taxable years immediately following the taxable year that the ITC was allowed, provided certain employment requirements are met.

- **485-e Property Tax Abatement**

- Provides for a reduction in the taxable assessment based upon physical renovation or new construction within the zone
- Spread over a ten-year schedule

- 100% exempt in the first seven years
- 25% per year thereafter.

- **Sales Tax Refund**

A sales tax refund of 8% on purchases of building materials used in commercial and industrial improvement projects within the zone.

- **Zone Capital Credit**

This is a NYS income tax credit that is:

- Available for qualified pre-approved investments in Zone Capital Corp., or
- Available as a direct equity investment in a certified EZ business, or
- For use as a contribution to a pre-approved community development project within the zone and
- Equal to 25% of the eligible investment or contribution.

- **Qualified Empire Zone Enterprises (QEZE)**

Employment requirements must be met annually to qualify for the following QEZE benefits. Call **585.428.6853** about becoming a QEZE.

- **REAL PROPERTY TAX CREDIT**

Refundable NYS income tax credits for firms certified before April 1, 2005, that are:

- Based on number of new jobs created/real property taxes paid in the zone,
- Available for a 14-year period and
- Decreased by 20% each year after 10 years.



The benefit period for those certified on or after April 1, 2005, is reduced to 10 years, and is the greater of:

- 25% of total wages and benefits paid to net new employees, up to \$10,000 per new job, or
- The capital investment amount (not to exceed real property taxes paid)

- **Tax Reduction Credit**

This NYS income tax credit for companies certified prior to April 1, 2005, is:

- Computed with a formula based on new jobs created in the zone, the company's assets within the zone and the state and income taxes owed
- Available for a 14-year period
- Reduced by 20% annually after 10 years

If certified on-or-after April 1, 2005, the benefit period is reduced to 10 years.

- **Sales Tax Exemption**

This 4% NYS sales and use tax exemption is for:

- Tangible personal property/services sold to qualified EZ businesses; and
- Property and services used predominately in the EZ.

FIND OUT MORE

Call **585.428.6808** about tailoring the City's economic development services and resources to fit your business goals.

***LET'S BUILD PROSPERITY
TOGETHER!***



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